



## Financial Markets & Economic Update by Dorothy Jaworski

Second Quarter 2022

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#### Spring Storms

So far, 2022 has brought one storm after another. Winter storms became spring storms. Longer-term rates rose very dramatically as Federal Reserve tightening and decades-high inflation converged. Supply chain issues are the main culprit behind the huge inflation, and only now is demand beginning to fall to more normal levels. The Russian-Ukraine conflict and resulting sanctions will exacerbate supply chain issues, especially for food and fuel. Covid-19 lockdowns in China have cut production of goods and ships are again lined up off the coast of China, meaning long delays in getting products to the US. Stock markets hit new highs in January and quickly began a long and painful sell-off that has continued into May.

Bond and stock prices falling together for a sustained period of time is very unusual. What's even more unusual is that GDP fell -1.4% in 1Q 2022, showing economic weakness right as the Fed begins its tightening campaign. Consumers, facing inflation pressures, may cut back on spending on discretionary items. High mortgage rates will begin to affect the housing markets. We will face challenges as we move forward: with interest rates- how high is high, and with stocks- how low is low?



I'm very happy to introduce our guest writer for this quarter. Sam Weller joined us in November, 2021 and has a strong financial background. I'm sure you'll enjoy his insights on the markets and the economy as much as I have. Take it away, Sam... - Dorothy

### Sam's Update

Movie fans are excited to see Tom Cruise fly back onto screens this summer with *Top Gun: Maverick*, a sequel that comes thirty-six years after the original 1986 blockbuster. At the time the first *Top Gun* was released, the average cost of a movie ticket was \$3.71, milk was \$1.09 per gallon and a gallon of gas was only \$0.86. Inflation was less than 2.00% and annual GDP was growing at a healthy 4.2%. Interest rates, however, were much higher – the Fed Funds overnight rate was 6.80%, compared to .80% today. But although interest rates above 4.00% seem like a historical anomaly in today's low rate environment, the Fed Funds rate in 1986 was significantly lower than it was only a few years below, when Paul Volcker's Federal Reserve used a series of increases in short-term rates to over 20% as its primary tool to "break the back" of inflation. While we would not expect today's rates to get anywhere near those levels, the adjustment of rates from zero to 2% and 3% in a short time period is a large move.

Q1 2022 inflation measured 8.5%, the highest single quarter of inflation growth rate seen since a rate of 8.9% in Q4 1980. Does our current Federal Reserve have the same will to fight inflation that Volcker had in the early 1980s? Clearly, there is ample room to raise interest rates, and the Federal Reserve has been vocal about their willingness to do so. They are in a difficult position; although desperate to tame spiking inflation, they begin a cycle of tightening rates in an economy that seems to be shrinking, not growing, which should limit the extent to which they can raise rates.

The first half of 2022 has been marked by extreme volatility. The 10-year US Treasury ended 2021 at a yield of 1.51%. As of mid-May 2022, it is currently hovering around the 3.00% mark. At the end of 2021, the 2-year US Treasury was yielding .73% and is currently yielding 2.33% as of mid-May. Bond investors have priced in a substantial increase to inflationary expectations as they discount both long- and short-ends of the yield curve.

This volatility has not been contained to the bond market; the Dow Jones Industrial Average has shed over 4,000 points, or -11%, since the beginning of 2022, while the S&P 500 return is down -15.6% for the year. However, all the volatility must be good for some asset classes, correct? Perhaps a long-term store of value, uncorrelated to the broader markets – something like gold, perhaps, or some of the more stable cryptocurrencies? Gold prices have remained remarkably...unchanged, beginning the year at \$1,829 per oz; as of mid-May gold prices were hovering around \$1,850. However, cryptocurrencies have not fared as well: Bitcoin (BTC) began the year at \$47,000+ and has plunged to less than \$32,000 per BTC as of mid-May.

Most investors believe that we are in a period of "risk off," with both equity and fixed income markets uncharacteristically moving in tandem as market participants seem to be selling off both bonds and stocks.

### Real GDP

The first quarter of 2022 was marked by GDP growth of -1.4%, which was the first non-pandemic related negative GDP growth rate since 2014. However, after a strong Q4 2021, where real GDP grew +6.9%, this negative growth rate may be a sign of things to come. In retrospect, examining the high Q4 2021 growth rate shows some potential cracks in the positive façade; 5.0% of the total in Q4 came from growing inventories, and many consumers were already reducing consumption as the effect of monetary stimulus spending during the pandemic began to abate.

Perhaps because of supply chain constraints and inventory challenges, the consumer confidence index remains extremely low going into Q2 2022. Volatility is high, consumer confidence is low, and it's very possible that we may see more negative GDP numbers before 2022 is out.

### Inflation

For the first time in over forty years, investors are looking at the prospect of inflation as a serious threat to future earnings. The Consumer Price Index, or "CPI," started 2021 at +1.4% to +1.7%, rose to +5.4% by mid-year, and ended December at +7.3%. In January, 2022, it rose again to +7.5%, and in March, showed the highest annual inflation increase since 1980 at 8.5%.



For most American consumers, the timing of these inflationary pressures could not come at a worse time: after two years of pandemic-related isolation, many corporate managers (and their landlords!) are serious about getting workers back to the office. With COVID seemingly receding into the background as an endemic health threat, case rates are dropping in many locations across the country. The only obstacle to getting workers back in person may be the eye-watering sticker shock of funding the commuter lifestyle.

Consider the cost of a Starbucks Venti Frappuccino: now retailing at \$5.25 in most locations, the cost of this massive coffee drink is up \$0.50 since the beginning of the pandemic, or an increase of over 10%. Think that's bad? Another commuter necessity – gasoline – hovered at around \$2.50 per gallon pre-pandemic while today most drivers aren't filling up their tank for less than \$4.50 per gallon on a good day. Interestingly, although refined

gasoline at the pump has commuters screaming "price gouging," the underlying cost of a barrel of crude oil has steadily risen, from \$58 a year ago to \$110 today.

The Fed started out by saying inflation was "transitory" but had to admit later it was "persistent." Now we will see if the Fed can keep it from becoming "sustained," which means preventing wage inflation from tight labor markets from filtering into the prices of all goods and services.

### The Fed's Great Expectations

May, 2022 saw the Federal Reserve hike the core Fed Funds overnight rate by fifty basis points, the highest single-meeting rate hike in over two decades. According to the pricing of the Fed Funds Futures market, the Fed still has a long way to go; traders believe that another 50-basis point rate hike is all but certain in both June and July. Assuming that's the case, this summer we will see the Fed Funds overnight target rate at 2.00%, while on our way to the end of our nearly decade long historically low interest rates.

What will the market look like with short-term rates in the 2.00% range? We know what the Fed hopes will happen: a normalizing of the yield curve, with short-term rates in the 2s and longer-term rates rearranging themselves into a positively sloped yield curve shape that indicates continuing economic strength. The only problem is, the long end of the curve does not seem to be getting the message yet. The 10-year US Treasury is currently yielding 2.91% and the 20-year isn't far behind with a yield of 3.32%. Clearly investors believe that inflation is a longer-term threat than the Fed would like to believe.

The long-end of the curve has responded first to the Fed's tightening. Remember that the 10-year bond is up nearly 150 basis points since the beginning of 2022. However, have long rates gone as high as they can go? If so, continued Fed tightening will result in the same phenomenon we've seen time and again during our historic low rate environment: a flat (or inverted) curve, where investors do not see any appreciable yield pick-up from going out into the longer end of the yield curve. An inverted yield curve can be a precursor to recessionary conditions.

This is the scenario that the Fed hopes it can avoid. Raising interest rates at what looks like the outset of a recessionary cycle is a risky move, but rampant inflation has forced the Fed's hand into raising short-term rates, stopping their bond purchases and reducing the size of their balance sheet. As consumers, we can only hope that it does not tip the scales into additional quarters of negative GDP growth. After two decades of sedate rate movements and moderate growth, suddenly it's an exciting market – maybe too exciting. As they say on the trading floor: don't be in a hurry to catch a falling knife. Be careful out there!



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## Inflationary Expectations That Are Built into the Markets:

Treasury Inflation Expectations:	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Mar-22
10-year Treasury Yield	2.44%	2.40%	2.68%	1.92%	0.91%	1.50%	2.33%
10-year Treasury TIPS Yield	0.50%	0.45%	0.97%	0.13%	-1.09%	-1.12%	-0.59%
Implied Inflationary Expectation	1.94%	1.95%	1.71%	1.79%	2.00%	2.62%	2.92%

## Following Are Our Clues as to Whether the Fed Will Ease or Keep Interest Rates Low:

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Mar-22
1) moderating inflationary expectations/leading indicators	mixed	mixed	yes	yes	mixed	no	no
2) any meaningful rise in unemployment or loss of jobs	no	no	no	no	yes	no	no
3) moderating labor costs	yes	mixed	no	yes	yes	no	no
4) decent productivity growth	no	no	no	no	no	no	no
5) economic growth that slips below 2%-2.5% potential	yes	yes	no	no	yes	mixed	yes
6) a financial market crisis of some type	no	no	mixed	no	yes-virus	yes-virus	yes-inflation
7) housing (existing homes) weak- inventory>6 mos	no-4.0mo	no-3.2mo	no-3.9mo	no-3.7mo	no-1.9mo	no-1.7mo	no-2.0mo
8) statements by the Fed promising easing/low rts	no-raising rts	no-raising rts	no-raising rts	no-neutral	yes	no-QE taper	no-raising rts, QT

## Housing Market Indices:

- CaseShiller 20 City Index Feb yoy +20.2%, Jan yoy +18.9%, Dec yoy +18.5%, Nov yoy +18.3%; index at new high vs Jul, 2006 peak; +121.0% from Mar, 2012 low
- FHFA Index Feb yoy +19.4%, Jan yoy +18.3%, Dec yoy +17.7%, Nov yoy +17.5%; index at new high vs Apr, 2007 peak; +114.9% from Mar, 2011 low
- CoreLogic Home Px Index Mar yoy +20.9%, Feb yoy +20.0%, Jan yoy +19.1%, Dec yoy +18.5%; index at new high vs Apr, 2006 peak; +117.0% from Mar, 2011 low

## Fed Z.1 HH NetWorth:

4Q015 \$89.7 trill; 4Q16 \$94.8 trill; 4Q17 \$103.4 trill; 4Q18 \$104.1 trill; 4Q19 \$116.8 trill; 4Q20 \$131.3 trill; 4Q21 \$150.3 trillion

## Penn Community Bank Rate & Market History:

									Change 2021	Change 2022
Bond Market Yields:		31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Mar-22	12/21 vs 12/20	03/22 vs 12/21
Treasuries:	3 month	0.50%	1.38%	2.45%	1.54%	0.06%	0.03%	0.51%	-0.03%	0.48%
	6 month	0.61%	1.53%	2.55%	1.58%	0.08%	0.18%	1.00%	0.10%	0.82%
	1 year	0.81%	1.73%	2.62%	1.57%	0.10%	0.37%	1.59%	0.27%	1.22%
	2 year	1.19%	1.88%	2.49%	1.57%	0.12%	0.72%	2.30%	0.60%	1.58%
	3 year	1.45%	1.97%	2.46%	1.61%	0.17%	0.95%	2.52%	0.78%	1.57%
	5 year	1.93%	2.21%	2.51%	1.69%	0.36%	1.25%	2.42%	0.89%	1.17%
	10 year	2.44%	2.40%	2.68%	1.92%	0.91%	1.50%	2.33%	0.59%	0.83%
	30 year	3.06%	2.74%	3.01%	2.39%	1.65%	1.91%	2.45%	0.26%	0.54%
Fed Funds Target Rate (average):		0.63%	1.38%	2.38%	1.63%	0.13%	0.13%	0.38%	0.00%	0.25%
LIBOR Rates:	1 month	0.77%	1.57%	2.52%	1.78%	0.14%	0.10%	0.30%	-0.04%	0.20%
	3 month	1.00%	1.69%	2.80%	1.91%	0.24%	0.21%	0.68%	-0.03%	0.47%
	6 month	1.32%	1.84%	2.87%	1.91%	0.26%	0.34%	1.08%	0.08%	0.74%
	12 month	1.69%	2.11%	3.01%	2.00%	0.34%	0.58%	1.71%	0.24%	1.13%
FNMA Mortgage Posted Yields (30 day):										
	15 year	2.90%	2.92%	3.53%	2.66%	1.34%	1.86%	3.28%	0.52%	1.42%
	30 year	3.68%	3.51%	4.12%	3.29%	1.91%	2.63%	3.99%	0.72%	1.36%
Indicative Treasury yield curve spreads:										
	2 year minus 3 month	0.69%	0.50%	0.04%	0.03%	0.06%	0.69%	1.79%	0.63%	1.10%
	5 year minus 2 year	0.74%	0.33%	0.02%	0.12%	0.24%	0.53%	0.12%	0.29%	-0.41%
	10 year minus 3 month	1.94%	1.02%	0.23%	0.38%	0.85%	1.47%	1.82%	0.62%	0.35%
	10 year minus 2 year	1.25%	0.52%	0.19%	0.35%	0.79%	0.78%	0.03%	-0.01%	-0.75%
Indicative FNMA mortgage posted yield spreads:										
	15 year minus 5 year Treas	0.97%	0.71%	1.02%	0.97%	0.98%	0.61%	0.86%	-0.37%	0.25%
	30 year minus 10 year Treas	1.24%	1.11%	1.44%	1.37%	1.00%	1.13%	1.66%	0.13%	0.53%
Stock Market Indices:										
	Dow Jones	19,762.60	24,719.22	23,327.46	28,538.44	30,606.48	36,338.30	34,678.35	5,731.82	-1,659.95
	S&P 500	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18	4,530.41	1,010.11	-235.77
	Nasdaq	5,383.12	6,903.39	6,635.28	8,972.60	12,888.28	15,644.97	14,220.52	2,756.69	-1,424.45

# Selected Economic Data Releases

(in about the past month) which show:

## Strength & Tendency Toward Higher Rates

- Unemployment Rate Apr 3.6%, Mar 3.6%, Feb 3.8%, Jan 4.0%, Dec 3.9%
- Bucks Co Unemployment Rate Mar 3.8%, Feb 4.1%, Jan 4.6%, Dec 3.6%, Nov 4.0%
- Montgomery Co Unempl Rate Mar 3.4%, Feb 3.7%, Jan 4.2%, Dec 3.3%, Nov 3.7%
- Payroll Employment Apr +428,000, Mar +428,000, Feb +714,000, Jan +504,000
- Private Co Payrolls Apr +406,000, Mar +424,000, Feb +704,000, Jan +492,000
- ADP Payrolls Apr +247,000, Mar +479,000, Feb +486,000, Jan +509,000
- Unemployed Persons Apr -11,000, Mar -318,000, Feb -243,000, Jan +194,000
- Job Leavers Apr 13.1%, Mar 13.0%, Feb 15.1%, Jan 14.5%, Dec 11.4%
- Labor Force Participation Rate Apr 62.2%, Mar 62.4%, Feb 62.3%, Jan 62.2%
- Average Workweek Apr 34.6, Mar 34.6, Feb 34.7, Jan 34.6, Dec 34.7 hrs
- Ave Hourly Earnings Apr \$31.85, Mar \$31.75, Feb \$31.60, Jan \$31.56; yoy +4.4%
- Challenger Report Layoffs Apr 24,286, Mar 21,387, Feb 15,245, Jan 19,064
- Personal Income Mar +.5%, Feb +.7%, Jan +.2%, Dec +.4%, Nov +.5%
- Employees Working-at-Home 4Q21 25.0%, 3Q21 24.0%, 2Q21 21.0%, 1Q21 20.9%
- Job Openings JOLTs Mar 11.549mIn, Feb 11.344mIn, Jan 11.283mIn, Dec 11.448mIn
- Job Openings Rate Mar 7.1%, Feb 7.0%, Jan 7.0%, Dec 7.1%, Nov 6.9%
- Quit Rate Mar 3.0%, Feb 2.9%, Jan 2.8%, Dec 3.0%, Nov 3.0%
- Nominal GDP 1Q22 +6.6%, 4Q21 +14.0%, 3Q21 +8.2%, 2Q21 +12.9%, 1Q21 +10.6%
- GDP PxDeflator 1Q22 +8.0%, 4Q21 +7.1%, 3Q21 +5.9%, 2Q21 +6.2%, 1Q21 +4.3%
- Core PCE 1Q22 +5.2%, 4Q21 +5.0%, 3Q21 +4.6%, 2Q21 +6.1%, 1Q21 +2.7%
- Leading Economic Indics Mar +.3%, Feb +.6%, Jan -.4%, Dec +.3%, Nov +.7%
- LEI 6 mo diffusion index Mar 60, Feb 60, Jan 70, Dec 90, Nov 70
- Unit Labor Costs 1Q22 +11.6%, 4Q21 +1.0%, 3Q21 +10.6%, 2Q21 +5.8%, 1Q21 -2.7%
- Unit Labor Costs annual 2021 +3.3%, 2020 +4.5%, 2019 +1.8%, 2018 +1.9%
- Consumer Confidence Apr 107.3, Mar 107.6, Feb 105.7, Jan 113.8, Dec 115.2
- PPI Apr +.5%, core +.4%, yoy +11.0%, core +8.8%
- CPI Apr +.3%, core +.6%; yoy +8.3%, core +6.2%
- Agriculture Prices Mar +6.3%, Feb +7.4%, Jan -.9%, Dec +3.5%, Nov +1.9%
- Retail Sales Mar +.5%, Feb +.8%, Jan +5.1%, Dec -2.7%, Nov +.7%
- Corp Profits 4Q21 +.7%, 3Q21 +3.4%, 2Q21 +10.5%, 1Q21 +5.1%, 4Q20 -3.3%
- Corp Profits 2020 no chg, 2019 +2.2%, 2018 +7.5%, 2017 +3.2%, 2016 -.1%
- Consumer Credit Mar +\$52.44bill, Feb +\$37.70bill, Jan +\$8.93bill, Dec +\$22.38billion
- HHNW 4Q21 \$150.3trill, 3Q21 \$145.0trill, 2Q21 \$142.3trill, 1Q21 \$136.6trillion
- CoreLogic Home Px Mar yoy +20.9%, Feb yoy +20.0%; +117.0% from low
- FHFA Home Px Feb yoy +19.4%, Jan yoy +18.3%; from low +114.9%
- Case Shiller 10 City Feb yoy +18.6%, Jan yoy +17.3%, Dec yoy +16.9%
- Case Shiller 10 City Feb new high, +110.6% from low
- Case Shiller 20 City Feb yoy +120.2%, Jan yoy +18.9%, Dec yoy +18.5%
- Case Shiller 20 City Feb new high, +121.0% from low
- NAHB/Wells Homebuilder Index Apr 77, Mar 79, Feb 81, Jan 83, Dec 84, Nov 83
- Housing Starts Mar +.3%, Feb +6.5%, Jan -4.3%, Dec +.3%; annual 1,793,000
- Building Permits Mar +.4%, Feb -1.6%, Jan +.5%, Dec +9.6%; annual 1,873,000
- Median Sales Price Existing Homes Mar \$375,300; yoy +15.0%
- Inventory Unsold Existing Mar 2.0mos, Feb 1.7mos, Jan 1.6mos, Dec 1.7mos
- Median Sales Price New Homes Mar \$436,700; yoy +21.4%
- Inventory Unsold New Homes Mar 6.4mos, Feb 5.6mos, Jan 5.6mos, Dec 5.3mos
- Business Sales Feb +1.0%, Jan +4.1%; Inventories Feb +1.5%, Jan +1.3%
- Bankruptcy Filings yoy 4Q21 -17.7%, 3Q21 -21.0%, 2Q21 -8.1%, 1Q21 -39.6%
- Philly Fed Prices Pd Apr 84.6, Mar 81.0, Feb 69.3, Jan 72.5, Dec 66.1, Nov 80.0
- Philly Fed Services Prices Pd Apr 68.7, Mar 65.7, Feb 68.8, Jan 63.0, Dec 50.8, Nov 64.6
- Philly Fed Services Backlogs Apr 12.5, Mar 7.2, Feb 6.2, Jan 10.8, Dec 14.0, Nov 11.9
- ISM Index Apr 55.4, Mar 57.1, Feb 58.6, Jan 57.6, Dec 58.8, Nov 60.6
- ISM Prices Pd Apr 84.6, Mar 87.1, Feb 75.6, Jan 76.1, Dec 68.2, Nov 82.4
- ISM Backlogs Apr 56.0, Mar 60.0, Feb 65.0, Jan 56.4, Dec 62.8, Nov 61.9
- ISM Services Index Apr 57.1, Mar 58.3, Feb 56.5, Jan 59.9, Dec 62.3, Nov 68.4
- ISM Services Prices Pd Apr 84.6, Mar 83.8, Feb 83.1, Jan 82.3, Dec 83.9, Nov 83.0
- ISM Services Backlogs Apr 59.4, Mar 64.5, Feb 64.2, Jan 57.4, Dec 62.3, Nov 65.9
- S&P Manufacturing Index Apr 59.7, Mar 58.8, Feb 57.3, Jan 55.5, Dec 57.7
- S&P Services Index Apr 54.7, Mar 58.0, Feb 56.5, Jan 51.2, Dec 57.6
- Empire St NY Fed Index Apr 24.6, Mar -11.8, Feb 3.1, Jan -.7, Dec 31.9, Nov 30.9
- Industrial Production Mar +.9%, Feb +.9%, Jan +1.0%, Dec -.4%, Nov +.7%
- Manufacturing Production Mar +.9%, Feb +1.2%, Jan +.2%, Dec -.1%, Nov +.7%
- Factory Orders Mar +2.2%, Feb +.1%, Jan +1.5%, Dec +.7%, Nov +1.8%

- Factory Backlogs Mar +.4%, Feb +.5%, Jan +.9%, Dec +.8%, Nov +.8%
- Durable Goods Orders Mar +1.1%, Feb -1.7%, Jan +1.5%, Dec +1.2%, %, Nov +3.2%
- CoStar Com'l Prop GC Mar +1.4%, Feb -1.0%, Jan +1.3%, Dec +1.4%, Nov +1.3%
- CoStar Com'l Prop GC yoy Mar +14.5%, Feb +16.3%, Jan +17.0%, Dec +14.5%, Nov +12.9%
- Vehicle Sales Wards Apr 14.29mIn, Mar 13.33mIn, Feb 14.07mIn, Jan 15.04mIn
- Vehicle Sales 2020= 16.30mIn, 2019= 16.97mIn, 2018= 17.21mIn, 2017= 17.14mIn
- Moody's Beige Book Index Apr 163.9, Mar 155.6, Jan 163.9, Dec 180.6, Oct 194.4
- DXY Dollar Index 05/13/22= 104.66, 12/31/21= 95.67, 12/31/20= 89.94, 12/31/19=96.39
- Gas AAA 05/09/22=\$4.33, 12/31/21=\$3.40, 12/31/20=\$2.56, 12/31/19=\$2.58
- Crude Oil 05/13/22= \$110.05, 12/31/21= \$75.21, 12/31/20= \$48.52, 12/31/19=\$61.77
- CRB Index 05/13/22= 304.06, 12/31/21= 232.37, 12/31/20= 178.12, 12/31/19=186.92

## Weakness & Tendency Toward Lower Rates

- Augmented Unemployment Rate Apr 6.9%, Mar 6.9%, Feb 6.9%, Jan 7.2%, Dec 7.2%
- Pool of Available Workers Apr 11.800mIn, Mar 11.689mIn, Feb 11.625mIn, Jan 12.217mIn
- Employment Cost Index 1Q22 +1.4%, 4Q21 +1.0%, 3Q21 +1.2%, 2Q21 +.8%, 1Q21 +.9%
- Household Employment Apr -353,000, Mar +736,000, Feb +548,000, Jan +1,199,000
- Civilian Labor Force Apr -363,000, Mar +418,000, Feb +304,000, Jan +1,393,000
- Those Not in Labor Force Apr +478,000, Mar -298,000, Feb -183,000, Jan -326,000
- Real GDP 1Q22 -1.4%, 4Q21 +6.9%, 3Q21 +2.3%, 2Q21 +6.7%, 1Q21 +6.3%
- Real GDP 2021 +5.7%, 2020 -3.4%, 2019 +2.3%, 2018 +2.9%, 2017 +2.3%
- InvChgGDP 1Q22 +\$158.7bill, 4Q21 +\$193.2bill, 3Q21 -\$66.8bill, 2Q21 -\$168.5billion
- Real Final Sales 1Q22 -.6%, 4Q21 +1.5%, 3Q21 +.1%, 2Q21 +8.1%, 1Q21 +9.1%
- FIBER Leading Inflation Index Apr 93.5, Mar 93.9, Feb 93.2, Jan 92.7, Dec 91.7
- FIBER Leading Infl yoy Apr +2.2%, Mar +3.3%, Feb +3.0%, Jan +3.7%, Dec +5.2%
- M2 growth yoy Mar +9.9%, Feb +10.9%, Jan +11.8%, Dec +12.3%, Nov +12.5%
- Velocity of M2 1Q22 1.12, 4Q21 1.12, 3Q21 1.11, 2Q21 1.12, 1Q21 1.12, 4Q20 1.13
- Nat'l Debt/GDP 1Q22 124.7%, 4Q21 123.4%, 3Q21 122.6%, 2Q21 125.5%, 1Q21 128.0%
- US Govt Budget Deficit Apr sur \$308.2bill, Mar -\$192.7bill, Feb -\$216.6bill, Jan sur \$118.7billion
- US Govt Budget Deficit fiscal 2021= -\$2.77 trill, 2020= -\$3.1 trill, 2019= -\$984.0 billion
- Personal Spending Mar +.2%, Feb +.1%, Jan +1.5%, Dec -1.4%, Nov -.1%
- Personal Savings Rate Mar 6.2%, Feb 6.8%, Jan 6.7%, Dec 8.4%, Nov 7.3%
- Trade Deficit Mar -\$109.9bill, Feb -\$89.8bill, Jan -\$89.2bill, Dec -\$82.0billion
- New Home Sales Mar -8.6%, Feb -1.2%, Jan -3.0%; annual 763,000
- Pending Home Sales NAR Mar -1.2%, Feb -4.0%, Jan -5.8%, Dec -2.3%, Nov -2.0%
- Existing Home Sales Mar -2.7%, Feb -8.6%, Jan +6.6%, Dec -3.8%; annual 5.77 million
- MBA 90+ Delinq 4Q21 4.65%, 3Q21 4.88%, 2Q21 5.47%, 1Q21 6.38%, 4Q20 6.73%
- Homeownership Rate 1Q22 65.4%, 4Q21 65.5%, 3Q21 65.4%, 2Q21 65.4%, 1Q21 65.6%
- CoreLogic Negative Equity 4Q21 2.1% 1.1mIn; 3Q21 2.1% 1.2 mIn; 2Q21 2.3% 1.2 mIn
- Moody's CMBS Delinq 60+days Mar 4.68%, Feb 4.78%, Jan 5.30%, Dec 5.24%, Nov 5.33%
- NonFarm Productivity 1Q22 -7.5%, 4Q21 +6.3%, 3Q21 -3.9%, 2Q21 +3.2%, 1Q21 +2.2%
- NonFarm Productivity annual 2021 +1.9%, 2020 +2.4%, 2019 +2.0%, 2018 +1.5%
- Capacity Utilization % Mar 78.3, Feb 77.7, Jan 77.0, Dec 76.3, Nov 76.5
- Cass Trucking Shipments Apr -2.6%, Mar +2.7%, Feb +8.6%, Jan -10.8%, Dec +.2%
- Import Prices Apr no chg, Mar +2.9%, Feb +1.6%, Jan +1.9%, Dec -.4%
- NFIB Small Business Optimism Apr 93.2, Mar 93.2, Feb 95.7, Jan 97.1, Dec 98.9
- Univ of Michigan Consumer Sentiment May 59.1, Apr 65.2, Mar 59.4, Feb 62.8, Jan 67.2
- St. Louis Fin'l Stress Index Apr -1.01, Mar -1.35, Feb -.54, Jan -.43, Dec -.82, Nov -.64
- Moody's CNN Back-to-Normal Index Apr 93.8, Mar 92.0, Feb 91.6, Jan 88.9, Dec 86.8
- Construction Spending Mar +.1%, Feb +.5%, Jan +1.6%, Dec +.8%, Nov +.6%
- Moody's Risk of Recession Feb 31.4%, Jan 26.5%, Dec 27.1%, Nov 29.2%, Oct 16.0%
- Philly Fed Services Index Apr 27.5, Mar 38.1, Feb 27.5, Jan 2.6, Dec 25.9, Nov 45.0
- Philly Fed Index Apr 17.6, Mar 27.4, Feb 16.0, Jan 23.2, Dec 15.4, Nov 39.0
- Philly Fed Backlogs Apr 5.7, Mar 21.0, Feb 15.8, Jan 23.5, Dec 11.4, Nov 27.4
- FDIC Problem Banks 4Q21= 44, 3Q21= 46, 2Q21= 51, 1Q21= 55, 4Q20= 56



## Our Mission

Penn Community Bank is committed to helping local residents, businesses and nonprofits achieve their financial goals, and to taking an active role in contributing to the overall prosperity of our communities.

Guided by our core values of integrity, transparency, service, and independence, we work to:

- Help businesses grow and prosper,
- Provide financial resources that meet the needs of individuals and families throughout their lifetimes,
- Strengthen our local economy,
- Partner with local organizations to improve quality of life,
- Operate for long-term success to ensure the continued strength and stability of our financial organization.



**PennCommunityBank.com | 215.788.1234**



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